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From: Jon W. Fullinwider
Chief Information Officer

Subject: **HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT
(HIPAA) STATUS REPORT**

This is to provide you with a report on the County's status in complying with the HIPAA Transactions and Code Sets (TCS) Rules following the October 16, 2003 compliance deadline and a current status on the County's efforts to meet the April 20, 2005 compliance deadline for the HIPAA Security Rule. Attachment A (Summary of HIPAA Transactions and Code Sets Status) provides a transaction-by-transaction status of the information summarized below.

Electronic TCS

State of California Readiness

The State of California status has not changed. It continues to plan for a staged implementation of the HIPAA transactions over a period of many months and is not expected to be HIPAA compliant for some transactions until calendar year 2006. The State will allow providers to process selected non-compliant transactions until advised otherwise.

The State Departments of Mental Health and Alcohol and Drug Services have been conducting near-compliant remittance advice transactions (835) with counties for several months. They have also been working with Medi-Cal to complete the work on a fully compliant 835 for Short Doyle. Steps to include the federal funds participation amounts in the transaction are scheduled for completion by March 2005. Full compliance for the 835 transaction is scheduled for implementation before March 2006.

Both DHS and DMH are in regular contact with their State counterparts and maintain current knowledge of the State's status and activities.

Federal HIPAA TCS Compliance Enforcement

The Center for Medicare and Medicaid Services (CMS) has not revised its complaint-driven enforcement strategy and "Good Faith Policy" since their notice "Guidance on Compliance with HIPAA Transactions and Code Sets" was posted on July 24, 2003.

County of Los Angeles Readiness – Department of Health Services (DHS)

DHS' TCS compliance should be viewed based on its three separate lines of business: (1) Hospitals and Clinics, (2) Public Health, and (3) the Office of Managed Care (OMC).

Hospitals and Clinics

DHS hospitals and clinics process the vast majority of their transactions through Accordis, a clearinghouse. Accordis is submitting Medicare inpatient and outpatient 837 claims using approved HIPAA compliant Transaction and Code Sets (TCS) information reflecting all-inclusive rate revenue codes.

As previously reported, Accordis continues submitting HIPAA compliant Medi-Cal inpatient claims to the State using the appropriate HIPAA compliant UB-92 revenue codes based on agreements reached with the State. On December 2, 2004, the State indicated that they will not be converting the Medi-Cal outpatient claims to be HIPAA compliant during calendar year 2005. However, the State would like to initiate discussions on this issue during the summer of 2005 in order to convert the Medi-Cal outpatient claims sometime during calendar year 2006.

DHS is submitting HIPAA 837 compliant encounter data, via its clearinghouse (Accordis), to OMC. The encounter data submitted is consistent with the data required by the State Department of Health Services (SDHS) in processing inpatient Medi-Cal fee-for-service claims and claims submitted to other health plans. OMC has submitted the DHS data to LACare for review and processing. OMC reported that the file submitted has satisfied LACare's front end HIPAA edit checks. The file will now be subject to LACare's back-end claims processing cycle and edits.

During the second phase of the OMC Encounter Data Reporting, Accords anticipates submitting HIPAA compliant ancillary data to OMC during this month.

Public Health

There has been no change since the last report. Public Health is using a combination of an existing clearinghouse relationship and custom programming to achieve HIPAA TCS compliance. Full compliance is constrained because the State does not anticipate accepting HIPAA compliant outpatient Medi-Cal claims transactions from Public Health clinics this calendar year. The County and the State will continue to work through testing issues

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necessary to assure a reliable transition to HIPAA compliant transactions and will continue to process the non-compliant claims during this transition period.

Alcohol and Drug Program Administration (ADPA) and California Children's Services (CCS) are submitting HIPAA compliant transactions to their corresponding State agencies. ADPA began exclusively submitting HIPAA compliant 837 transactions to the State in May 2004.

Office of Managed Care (OMC)

As identified above, DHS continues to make progress towards providing HIPAA compliant encounter data to OMC from the DHS hospitals. As a health plan, OMC is required to have the capability to process the entire suite of HIPAA TCS, including some they have never used in the past and for which they have no current trading partner. Under the enforcement guidelines issued by CMS, OMC demonstrated a good faith effort and progress towards compliance because they certified the conformity of their HIPAA transactions through a third-party certification agency.

County of Los Angeles Readiness – Department of Mental Health (DMH) and Kirby Center Readiness

On December 14, 2004, the State Department of Mental Health (SDMH) provided DMH with instructions for coding Medi-Cal outpatient claims more than six months old, when the delay was related to the HIPAA TCS implementation. The State is expected to provide instructions for coding late inpatient claims early this month. This does not guarantee that the claims will be paid by the State, but it does prevent the claims from aging further while DMH and the State discuss the claims payment issues.

Two new servers were brought into production use on Sunday, December 19, 2004, which are expected to improved performance for end-users. A new data storage unit is also being prepared for introduction into the IS configuration that is expected to resolve a number of nagging data storage and retrieval problems and lead to improved reliability. A number of other actions are planned, including a full review of the IS technical configuration to identify points of vulnerability and performance bottlenecks and plan actions to correct them.

DMH is in the process of planning a focused effort to improve the IS in the next few months. The plan addresses hardware, software, procedures, training, and provider communications and includes actions that can be taken in the short term to provide some relief to users and more ambitious actions that will take more time but have very significant positive impact. The foundation of the plan involves rethinking assumptions and decisions made early in the IS project that, with greater knowledge of HIPAA and experience with the IS, we believe can be approached differently to the benefit of the provider community and DMH.

State DMH requested that DMH hold their September, October, and November Short-Doyle claims files while the State resolves an issue with claims involving payers other than Medi-Cal, such as Medicare. The State also has asked DMH to limit the size of its claim files to not

more than 50 Kilobytes. Current files are averaging about 150 Kilobytes and future files could easily be larger. The 50 Kilobyte file size limit is not mentioned in the State's 837 Health Care Claim Companion Guide and, combined with the delay while the State works out how to handle multiple payers, is further evidence that there are HIPAA implementation difficulties affecting other Counties, as well.

DMH has nine categories of trading partners, listed in the table below. The table indicates the number of partners in each category and the approximate number of partners in each category that are actively using the IS. There are two methods of claims submission into the IS: 1) Electronic Data Interchange (EDI) which is the electronic submission of a group of claims, and 2) Direct Data Entry (DDE) which is the manual entry of individual claims using a Web browser.

Trading Partner Category	Number in Category	Number Currently Using the IS
Fee-for-Service Inpatient	26	26 DDE
FFS Network Providers	569	163 DDE 92 EDI (11 billers serving multiple providers)
Directly Operated DMH Clinics	65	65
Short-Doyle Contract Providers	373	347 DDE <i>1 EDI (1 site for Pacific Clinics)</i>
Short-Doyle Contract Hospitals	2	2 DDE
LA County Hospitals	4	1 DDE

State Hospitals	4	4 DDE (no claiming activity, DMH staff enter episode information only for utilization management purposes)
State Department of Mental Health	1	1 – Production use initiated June 21, 2004.
Institute for Mental Disorders (IMD)	9	9 DDE
US Government (Medicare)	1	1
Retail Pharmacy	111	0 (See text below)

All contract providers, with the exception of Pacific Clinics, are in production use of the IS. Pacific Clinics is currently scheduled to make the transition to production use of the IS in February 2005, but that date should be considered contingent upon progress in resolving IS issues. DMH is considering the impact of delaying Pacific Clinics use of the integrated

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system until after some of the planned system enhancements are completed. This would reduce the impact on Pacific Clinics related to learn and modify procedures recently implemented.

A similar approach is being adopted with FFS Network Providers. DMH will not press further FFS Network Providers to make the transition to the IS until issues currently receiving attention are resolved and DMH is confident that they can reliably support the new users.

This approach is not expected to have any negative consequences at the State level. In recent discussions with State DMH, the State raised the possibility of rolling back to pre-HIPAA systems and processes as a means of taking the pressure off the providers and the State in implementing the HIPAA TCS. While discussions of implementation delays suggest a less aggressive approach to HIPAA implementation than we understood earlier in the process, it is not a practical alternative. The consensus of those closest to the technical issues with the IS is that it may be as difficult to roll back to pre-HIPAA systems and processes as it is to put on a focused effort to resolve the problems sufficiently to allow reliable operation of the IS. Rolling back the implementation puts us at square one with no compliant HIPAA transactions and the prospect of another expensive and time-constrained project to get to HIPAA compliance. It is believed, the more prudent approach is to apply the resources necessary to close the gap between the IS as it currently exists and what is needed to sustain operations and then do a thoughtful evaluation of our long-term options.

The HIPAA compliant National Council for Prescription Drug Program (NCPDP) pharmacy claim transaction is available for production use, but no pharmacy providers are using it in production. The plan for providing NCPDP-compliant pharmacy claiming functionality was reviewed with the DMH Pharmacy Director and a revised Plan document will be produced by the end of January 2005. Currently pharmacy providers are not experiencing operational problems. Therefore, IS problems of higher priority will be resolved before the pharmacy functionality is provided.

The IS is ready to exchange ANSI X.12 270/271 eligibility transactions with Medi-Cal. The State did not meet its anticipated implementation date of November 2004. No new date has been provided.

My office continues to monitor the IS implementation and will continue to apprise your Board of progress.

Electronic TCS Summary

DHS and DMH are in continuing contact with the State to ensure that both County organizations keep pace with the State's implementation. I will notify your Board of any changes to the State's HIPAA Contingency Plan that have the potential to impact County health or mental health operations.

While DHS' outpatient Medi-Cal claims will remain non-compliant until the State brings its processing into compliance, DHS hospitals are continuing to process HIPAA TCS-compliant Medicare claims and inpatient Medi-Cal claims.

OMC and DHS hospitals have resolved the issues related to the requirement for the submission of HIPAA compliant encounter records from the hospitals. They have successfully completed OMC's front-end testing of the transactions and are now completing the test cycle with LACare.

DMH is continuing to process HIPAA-compliant Medi-Cal claims files and has cleared the claims backlog caused by the long State certification process. The DMH will continue to work with the State to address late claims, delayed due to the impact of the HIPAA Rules implementation. The agreement with the State to code claims that were delayed related to the HIPAA implementation allows these claims and the related revenue to be accurately tracked by both entities.

DMH has mounted a focused effort to improve the performance, reliability and functionality of the IS. This effort is being combined with improving provider communication and planning to complete implementation of the use of the IS by FFS providers, DHS hospitals, and pharmacies.

HIPAA Security Rules Compliance – Status

The County of Los Angeles is continuing efforts to become compliant with the HIPAA Security Rule, as published in the Federal Register, by April 20, 2005 as required. Total compliance will not be accomplished by that date and those items that remain to be completed will be in the process of being completed as soon as possible following the compliance date.

Compliance with the HIPAA Security Rule requires that the covered components must maintain reasonable and appropriate safeguards to protect the confidentiality, integrity and availability of electronic protected health information (EPHI) against any reasonably anticipated risks. These safeguards are organized into three categories:

- **Administrative Safeguards.** These require policies and procedures for managing day-to-day operations, the conduct and access of workforce members to EPHI and the selection, development and use of security controls. Specific requirements include security management, security responsibility, workforce security, information access management, security awareness training, security incident procedures, contingency planning, system and data evaluation, and Business Associate (BA) contracts and Memorandum of Understanding (MOU) agreements with other County organizations.
- **Physical Safeguards.** These include a series of requirements meant to protect electronic information systems and EPHI from unauthorized physical access. Specific requirements include facility access controls, workstation use, workstation security and device and media controls.

- **Technology Safeguards.** The technical safeguards include capabilities to protect EPHI, particularly controlling access to it. Specific requirements include access controls, audit controls, person and entity authentication and transmission security.

Complying with the Security Rule requires identifying and assessing risks to EPHI and implementing a wide variety of security policies, procedures, processes and controls. As discussed in last month's status report, the County's covered components, DHS, DMH, Probation's Kirby Center and the Sheriff's Department Pharmacy, are undertaking activities to comply with the Security Rules which include the following activities:

- Completion of a risk analysis that assesses potential vulnerabilities and risks to EPHI and related information systems,
- Implementation of risk management measures designed to mitigate and reduce potential vulnerabilities identified in the risk analysis, and
- Development of contingency plans, including disaster recovery, data backup and system monitoring.

To address the Security Rule risk analysis requirement, the Chief Information Security Officer guided the engagement of Fox Systems (Fox) to perform the risk analysis for the covered components which is scheduled to be completed by May 31, 2005.

A project work site has been established at the Department of Mental Health and a County project team comprised of 12 staff from the CIO and the covered components has been identified to coordinate department activities and to assist the Fox risk analysis team. The Fox team is on site, a project plan has been developed and submitted for County approval, and work is scheduled to begin the first week in January 2005. Key contract deliverables include:

- Administrative Security Risk Assessment scheduled for completion by March 29, 2005
- Technical Assessment scheduled for completion by May 5, 2005
- Physical Security Risk Assessment scheduled for completion by April 15, 2005
- Final report presentation and executive report scheduled for completion by May 31, 2005

To expedite Security Rule compliance, all recommended remediation efforts identified in draft and final deliverable reports will be initiated and completed, as soon as possible, after they are presented by Fox. These risk analysis remediation activities will continue to be tracked after the compliance date to ensure that they are completed, as soon as possible. Some of the corrective activities for known areas requiring remediation are currently being addressed. These activities will continue to completion so that the covered components achieve as much progress as possible in meeting the Security Rules.

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The existing countywide information security program that was implemented prior to the finalization of the HIPAA Security Rule is also contributing to HIPAA security compliance. Technologies, policies and procedures to detect and prevent network intrusions and control malicious software have been implemented and are in production along with a very robust antivirus program. The County Computer Emergency Response Team (CCERT) has active participation by all of the covered components and has been activated successfully over the past two years to resolve incidents. Finally, the Information Technology and Security policies that were approved by your Board in the past year apply directly to HIPAA policy requirements and have been mapped into the process. The CISO will continue to plan and implement countywide initiatives that will contribute to the County's progress toward HIPAA Security Rule compliance.

Attached is a chart showing the status of various critical processes required by each covered component to substantially comply with the Security Rule. This chart will be updated for each monthly report to show progress and to make the covered components more aware of areas that need special attention.

JWF:DH:ygd

Attachments

c: Department Heads
Chair, Information Systems Commission

Los Angeles County
Summary HIPAA Transactions and Code Sets Status

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
	Health Care Claim (837) Outbound	Outsource to Clearinghouse (Accordis)		Inpatient - Yes Outpatient - No	Inpatient - Yes Outpatient - No	Accordis (DHS Clearinghouse) is submitting Medicare inpatient and outpatient 837 claims using approved HIPAA compliant Transaction Code Sets (TCS) information reflective of all-inclusive rate revenue codes. Accordis is submitting HIPAA-compliant Medicare non-hospital 837 claims to the Fiscal Intermediary (NHIC).
	Health Care Claim (837) Outbound	Outsource to Clearinghouse (Accordis)				Accordis is submitting HIPAA-compliant inpatient Medi-Cal claims with "from" service dates beginning February 1, 2004, through the Medi-Cal Fiscal Intermediary (EDS). On December 2, 2004, the State indicated that they will not be converting the Medi-Cal outpatient claims to be HIPAA compliant during calendar year 2005. However, the State would like to initiate discussions on this issue during the summer of 2005 in order to convert the Medi-Cal outpatient claims sometime during calendar year 2006.
	Remittance Advice (835)	Outsource to Clearinghouse (Accordis)	DHS			DHS is submitting HIPAA 837 compliant encounter data, via its clearinghouse (Accordis), to OMC. The encounter data submitted is consistent with the data required by the State Department of Health Services (SDHS) in processing inpatient Medi-Cal fee-for-service claims, and claims submitted to other health plans. OMC has submitted the DHS data to LACare for review and processing. OMC reported that the file submitted has satisfied LACare's front end HIPAA edit checks. The file will now be subject to LACare's back end claims processing cycle and edits.
DHS Hospitals and Associated Clinics	Remittance Advice (835)	Outsource to Clearinghouse (Accordis)				In regards to the second phase of the OMC Encounter Data Reporting, Accords anticipates submitting HIPAA compliant ancillary data to OMC during January 2005.
	Eligibility Inquiry & Response (270/271)	QuadraMed Affinity/Provider Advantage 270/271				The contracted vendor is expected to complete the programming work for extracting data for two facilities to accept and process the remittance advice information by early January 2005. The vendor is also expected to complete the translation of the data into a flat file so that the Department can process the data in January 2005.
						Medi-Cal is generating both the non-HIPAA and HIPAA compliant remittance advice documents (RAs). In order for a provider to receive the HIPAA compliant RAs, they must submit new provider enrollment forms. DHS has submitted the necessary provider enrollment forms in order to obtain the HIPAA compliant RAs. The State has processed and approved 69 enrollment forms. Since they have not responded to the eight (8) remaining enrollment forms, we will resubmit another set of forms for processing. Until the State terminates the non-HIPAA RAs, DHS plans to process both the non-HIPAA and HIPAA RAs since the non-HIPAA RAs contain additional information that does not reside on the HIPAA RAs.
						The State continues to operate the non-HIPAA compliant Online Eligibility System (OES) for obtaining Medi-Cal eligibility information. The State has not officially announced when they will terminate the use of the OES or the acceptance of non-HIPAA compliant 270/271 transactions; therefore, the County will continue to utilize this system for obtaining Medi-Cal eligibility information. Since the State has updated their Point-of-Service (POS) system to meet HIPAA requirements, the County will continue to utilize this system for obtaining Medi-Cal eligibility information.
						For business purposes, DHS has installed the necessary software at all facilities to process HIPAA compliant 270/271 transactions. The software is in production and HIPAA compliant 270/271 transactions are being processed to various third party payors including Medi-Cal and Medicare. The Department met the State's planned November 20, 2004 go live date for accepting HIPAA compliant 270/271 transactions. However, the State delayed their implementation of the HIPAA compliant 270/271.

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Summary HIPAA Transactions and Code Sets Status**

Organization	Transactions	Compliance Strategy	Summary HIPAA Transactions and Code Sets Status		
			County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use
DHS Public Health Clinics	Health Care Claim (837) Outbound	Outsource to Clearinghouse (Accordis)			The administrative code sets have been implemented as scheduled on 10/16/03. Claims with service dates 09/22/03 and greater have been submitted to the State and have been adjudicated.
	Remittance Advice (835)	Paper			With regards to the implementation of national code sets, the State has not provided instructions on how to convert the local revenue codes to national codes. Therefore, until the information is received from the State, the clearinghouse vendor, Accordis, is unable to comply with HIPAA TCS regulations. Testing for format has been completed with the State and Accordis has received notification that it passed all format testing.
DHS Alcohol and Drug Programs Administration	Health Care Claim (837) Outbound	Custom coded front-end upgrade to capture the HIPAA data elements. Accordis, a clearinghouse, will process the actual transaction.			No change to existing process.
	Health Care Claim (837) Inbound	Paper			DHS Alcohol and Drug Programs Administration (ADPA) is submitting HIPAA-compliant 837 claims transactions to the State Department of Alcohol and Drug Programs (SADP) through its clearinghouse vendor, Accordis.
	Remittance Advice Outbound (835)	Paper			No change to existing process.
	Remittance Advice Inbound (835)	Paper			No change to existing process.

Los Angeles County
Summary HIPAA Transactions and Code Sets Status

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
Health Care Claim (837) Inbound	Vendor (HMS) modifying PMS to accept HIPAA compliant claim transactions from out-of-plan providers.					The X.12 837 transaction is certified by Claredi, however no trading partners have contacted CHP to conduct HIPAA-compliant transactions. OMC will continue processing this transaction in pre-HIPAA format consistent with the contingency plan, or on paper, until trading partner testing is complete. DHS has completed setting up a virtual private network with Claimsnet and OMC is now performing system testing with Claimsnet. OMC is currently coordinating an outreach effort to identify potential trading partners with out-of-network hospitals and physicians with whom to begin testing. No negative impact to OMC business processes or revenue flow has occurred. Status changed from "Not complete" to "Not complete for reasons beyond the control of the County" because CHP is technically ready to receive a 837 I&P should one be sent.
Health Care Encounter (837) Inbound	Interface engine software being installed to feed the OMC Data Warehouse. Using clearinghouse (DDD) to translate incoming proprietary format from non-County providers to HIPAA-compliant 837 format.					OMC is accepting HIPAA-compliant 837P transactions from non-County providers via a clearinghouse (DDD) and they are testing the 837. OMC is evaluating the transactions from DHS hospitals transmitted through Accordis. However, the DHS data sets are not completely HIPAA-compliant per the 837I specifications. Please refer to the "Health Care Claim (837) Outbound" status in the above "DHS Hospitals and Associated Clinics" section.
Health Care Encounter (837) Outbound	Data extracted from Data Warehouse will feed translator software to produce HIPAA compliant transactions.					OMC has modified its legacy system to process the transactions between DHS hospitals and OMC until the production server and the new interface engine is installed and completely tested. For some time, OMC has been awaiting delivery of its production server on which to install the interface engine software. The interface engine will allow receipt of HIPAA-compliant 837I encounter records from DHS hospitals and will replace the interim solution now being tested.
Remittance Advice (835) Outbound	Vendor (HMS) modified PMS to produce HIPAA compliant transactions.					OMC is awaiting delivery of a server, the same one mentioned above under Encounter (837) Inbound, to its data center on which to install interface engine software to allow sending HIPAA-compliant 837 encounter records that originated in DHS hospitals to LACare. Completion is expected in the fall/winter of 2004. LACare has stated that they will continue to support the pre-HIPAA format for a minimum of six (6) months for DHS Facility encounters. CHP is fully compliant on the submission of non-County provider transactions via a clearinghouse (DDD). No negative impact on business processes or revenue flow is anticipated.
DHS Office of Managed Care Enrollment and Disenrollment (OMC)	Vendor (HMS) modified PMS to produce HIPAA compliant transactions.					The X.12 835 transaction is certified by Claredi, but it has not yet been tested with trading partners and no trading partner has requested remittance advice information in electronic format. OMC is currently providing 835 equivalent information on paper to its trading partners. HIPAA compliance is a non-issue until a switch is made to an electronic transaction. No negative impact on business processes or revenue flow has occurred.
						OMC successfully tested the 834 transaction with Universal Care. Testing continues with other trading partners. OMC is able to process a compliant X.12 834 transaction as of the October 16, 2003 deadline. State DHS did not meet the October compliance deadline for this transaction except for the Healthy Families Program, which stated they are in "material compliance." DHS currently provides its eligibility roster electronically to certain plan providers, including DHS facilities. OMC is in production with processing the Healthy Families' new data vendor, Maximus, and is in the final testing stage with LACare, for Medi-Cal.

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Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
Premium Payment Order/ Remittance Advice (820)	Vendor (HMS) modifying PMS to accept and translate HIPAA transactions.					The State Healthy Families Program (HFP) is not expected to be ready to test the X.12 820 transaction with trading partners until the spring of 2005. HFP stated that the 820 electronic file they currently distribute is "materially compliant." The necessity for OMC to receive an X.12 820 transaction is settled and the need to generate an outbound 820 is still being investigated. OMC has completed custom programming modifications to its Patient Management System (PMS) that will allow it to receive and process the inbound 820 transaction, but has reached a point where they can make little progress without more information from the State. OMC will convert the 820 transaction file received from HFP to a flat file that will be sent to OMC Finance or County Treasurer and Tax Collector (TTC) operations. In the interim, DHS will continue to process transactions in pre-HIPAA format. No negative impact on business processes or revenue flow is anticipated.
Eligibility Inquiry & Response (270/271)	Vendor (HMS) modified PMS to produce HIPAA compliant transactions.					HMS completed testing with Claredi on 8/14/03. Trading partners have been contacted, but to date no providers have expressed an interest in using these transactions; hence there has been no testing with trading partners. No negative impact on business processes or revenue flow has occurred.
Claim Status Summary (276/277)	Vendor (HMS) modified PMS to produce HIPAA compliant transactions.					HMS completed testing with Claredi on 9/17/03. Trading partners have been contacted, but to date no providers have expressed an interest in using these transactions; hence there has been no testing with trading partners. No negative impact on business processes or revenue flow has occurred.
Health Care Service Review (278)	Vendor (HMS) modified PMS to produce HIPAA compliant transactions.					HMS completed testing with Claredi on 9/19/03. Trading partners have been contacted, but to date no providers have expressed an interest in using these transactions; hence there has been no testing with trading partners. No negative impact on business processes or revenue flow has occurred.
NCPDP	Pharmacy Benefit Management Contractor					Contractor (PCN) is responsible for HIPAA compliance of NCPDP transactions.
DHS California Children's Services	Health Care Claim (837) Outbound Remittance Advice (835) NCPDP	In-house development of 837 transaction output Paper Vendor (EDS) supplied via website Paper				Completed. Process is now routine. No change to existing process. Completed. Process is now routine. No change to existing process.

Los Angeles County
Summary HIPAA Transactions and Code Sets Status

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
	Health Care Claim (837)	Integrated System - Wrapper of MHMIS and FFS (EDS)				The HIPAA-compliant X.12 837 transaction produced by the Integrated System (IS) has been certified by NHIC, the fiscal intermediary for Medicare claims submissions. Production use of this transaction began October 13, 2004. February and March HIPAA-compliant 837 transactions for outpatient activity were sent to State Medi-Cal and 835 remittance advice files have been received from the State. April, May, June, July, and August HIPAA-compliant claims files were sent to the State before the end of October 2004. The number of Fee-for-Service Providers conducting HIPAA-compliant transactions via the Integrated System is slowly increasing and the rest are submitting non-compliant information directly into the County implementation of the EDS system operated by ISD. Submitting claim transactions to the ISD operated EDS system is an option that will be shut down by March 1, 2005. This will transition all FFS network service providers into the Integrated System.
	Health Care Enrollment and Disenrollment	Integrated System - Wrapper of MHMIS and FFS (EDS)				No change from last report. DMH began using the Integrated System (IS) to exchange the X.12 834 HIPAA transaction with Fee-for-Service Network Providers on November 24, 2003. DMH began using the Integrated System (IS) to exchange the X.12 834 HIPAA transaction with Short-Doyle providers on February 9, 2004. State and Federal compliance status is not relevant to or a constraint on this transaction.
	Remittance Advice (835) Inbound	Integrated System - Wrapper of MHMIS and FFS (EDS)				No change from last report. DMH has received production 835 Remittance Advice files from the State for February and March 2004 outpatient claims from the IS. The rate of denied claims was lower in the March file than it was in February, but still not quite up to pre-HIPAA averages. Like DHS, DMH will continue to process both the HIPAA-compliant remittance advice (835) and the non-compliant remittance advice so long as the State produces both because of the additional information on the non-compliant document. The State has embarked on an effort to make their 835 file fully HIPAA compliant.
	Remittance Advice (835) Outbound	Integrated System - Wrapper of MHMIS and FFS (EDS)				No change from last report. DMH pays for some services directly to the provider and for those services on the IS, they are currently producing HIPAA compliant X.12 835 remittance advice transactions. While this transaction is in production use, its status is "yellow" because of the limited number of trading partners involved at this time.
DMH Department of Mental Health	Eligibility Inquiry & Response (270/271)	Integrated System - Wrapper of MHMIS and FFS (EDS)				No change from last report. The Integrated System began processing X.12 278 transactions with Fee-for-Service network providers on November 24, 2003, and with Short-Doyle providers effective February 9, 2004. State Medi-Cal will not support compliant authorization transactions this year. DMH will continue to process transactions in pre-HIPAA format with the State in the meantime. No negative impact on business processes or revenue flow is anticipated. While this transaction is in production use, its status is "yellow" because of the limited number of trading partners involved at this time.
	Authorization (278)	Integrated System - Wrapper of MHMIS and FFS (EDS)				No change from last report. The Integrated System began processing X.12 278 transactions with Fee-for-Service network providers on November 24, 2003, and with Short-Doyle providers effective February 9, 2004. State Medi-Cal will not support compliant authorization transactions this year. DMH will continue to process transactions in pre-HIPAA format with the State in the meantime. No negative impact on business processes or revenue flow is anticipated. While this transaction is in production use, its status is "yellow" because of the limited number of trading partners involved at this time.

Los Angeles County
Summary HIPAA Transactions and Code Sets Status

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
Health Care Claim Status Summary (276/277)	Integrated System - Administrative Transactions					No change from last report. DMI is presently offering the 276 and 277 X.12 transactions to Fee-for-Service network providers who are using the Integrated System. The HIPAA compliant X.12 276/277 transaction for contract and directly-operated Short-Doyle providers became available for production use on February 9, 2004, but it is not a transaction currently used by this group of providers. It will likely become more important to them as they process HIPAA-compliant claims transactions. State Medi-Cal will not support compliant status reporting transactions this year. The complexity of managing compliant local data without corresponding State transactions will introduce minimal risk.
NCPDP	Integrated System - Wrapper of MHMIS					No change from last report. The HIPAA-compliant NCPDP transaction became available for production use on February 9, 2004. No pharmacy providers are testing or using IS pharmacy functionality in production. Changes to the Pharmacy IS Deployment Plan and possibly IS pharmacy functionality are being considered in an effort to provide a solution that improves work flow for pharmacy contract providers.

LEGEND:

- Step complete
- Not complete for reasons beyond the control of County
- Not complete

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY (HIPAA)

Security Rule (Compliance Date April 20, 2005)					
	Department of Health Services	Department of Mental Health	Probation – Kirby Center	Sheriff - Pharmacy	Total County
Initial Security Training	Total to be Trained: 22,500 Trained to Date: 99 Planned for next period: 0	Total to be Trained: 3,200 Trained to Date: 26 Planned for next period: 65	Total to be Trained: 20 Trained to Date: 0 Planned for next period: 20	Total to be Trained: 49 Trained to Date: 49 Planned for next period: 0	Total to be Trained: 25,769 Trained to Date: 174 Planned for next period: 65
Comments	<p>1. The statistics referenced above indicate each department's status in completing initial HIPAA Security Training.</p> <p>2. The Chief Information Security Officer (CISO) is coordinating the training efforts for the County between the various departmental project managers. Each department is required to manage and track their workforce's progress towards completing the assigned training. This includes ensuring that all personnel and volunteers are assigned to complete the initial training curriculum.</p>				
Publication of Security Policies, Procedures and Forms	Policies/Procedures Required: 20 Policies In process: 14 Policies/Procedures Complete: 0	Policies Required: 20 Policies Complete: 0 Procedures Required: 20 Procedures Complete: 24	Policies Required: 20 Policies Complete: 0 Procedures Required: 20 Procedures Complete: 0	Policies Required: 20 Policies Complete: 0 Procedures Required: 20 Procedures Complete: 0	Policies Required: 80 Policies Finalized: 0 Procedures Required: 80 Procedures Complete: 24
Comments	<p>1. The department security officers are developing HIPAA Security Policies and Procedures to comply with HIPAA security rules. These policies and procedures must be adopted and distributed within the affected departments, no later than April 20, 2005.</p> <p>2. Most of the required DHS policies and procedures are drafted for but have not yet been approved. DMH will use a copy of DHS policies modified for their needs.</p>				
Business Associate Amendments	Amendments Required: 100 Amendments Executed: 0 Target Completion: March 31, 2005	Amendments Required: 250* Amendments Executed: 0 Target Completion: March 31, 2005	Amendments Required: 100* Amendments Executed: 0 Target Completion: March 31, 2005	Amendments Required: 3* Amendments Executed: 0 Target Completion: March 31, 2005	Amendments Required: 353 Amendments Executed: 0 Target Completion: March 31, 2005
Comments	<p>The Board delegated authority to Department Heads to execute amendments to existing agreements with business associates. The amendment language has now been approved and covered entities may begin the update process.</p>				
Interdepartmental MOUs	No. of MOUs Required: 5 No. of MOUs Executed: 0 Target Completion: March 31, 2005	No. of MOUs Required: 5 No. of MOUs Executed: 0 Target Completion: March 31, 2005	No. of MOUs Required: 5 No. of MOUs Executed: 0 Target Completion: March 31, 2005	No. of MOUs Required: 5 No. of MOUs Executed: 0 Target Completion: March 31, 2005	No. of MOUs Required: 20 No. of MOUs Executed: 0 Target Completion: March 31, 2005
Comments	<p>The Board approved the use of interdepartmental MOUs to support the continued exchange of protected health information (PHI) between the three HIPAA covered components and the five County departments (CAO, Counsel, Auditor, Treasurer and ISD) identified as providing services that require access to PHI. Modifications must be made to the existing MOUs to support security requirements for EPHI</p>				
Legend	 Timely Completion in Doubt  Timely Completion Probable  On Schedule for Completion				